



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-22, Minnesota State Income Tax Withholding

Date: April 14, 2008

To: Holders of TAXES (State of Minnesota only)
Personnel User Groups
T&A Contact Points in Minnesota

Beginning with wages paid for Pay Period 7, the National Finance Center (NFC) will make the following changes to the state of Minnesota income tax withholdings:

- The exemption allowance will increase from \$3,400 to \$3,500.
- The Single and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

JOHN S. WHITE, Acting Director
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Minnesota State Income Tax Information

State Abbreviation: MN
State Tax Withholding State Code: 27
Acceptable Exemption Form: W-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: S, M / Number of Exemptions
TSP Deferred: Yes
Special Coding: None
Additional Information: None

Withholding Formula ►(Effective Pay Period 7, 2008)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times ►27◄ to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$3,500◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Minnesota tax withholding.

Tax Withholding Table
Single

If the Amount of Taxable Income Is:		The Amount of Minnesota Tax Withholding Should Be:			
Over:	But Not Over:			Of Excess Over:	
\$ 0	\$ 1,950	\$ 0	plus	0.0%	\$ 0
1,950	►23,750	0	plus	5.35%	1,950
23,750	73,540	► 1,166.30	plus	7.05%	23,750
73,540◄	and over	4,676.50	plus	7.85%	73,540◄

Married

**If the Amount of
Taxable Income Is:**

**The Amount of Minnesota
Tax Withholding Should Be:**

Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ▶7,400	\$	0	plus 0.0%	\$ 0
7,400	39,260		0	plus 5.35%	▶7,400
39,260	133,980		1,704.51	plus 7.05%	39,260
133,980◀	and over		8,382.27	plus 7.85%	133,980◀

7. Divide the annual Minnesota tax withholding by ▶27◀ to obtain the biweekly Minnesota tax withholding.